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**Administrative
Order 2016-005-
ADM,
Procurement
Policy**

Presentation to Committee of the Whole
February 2017

What are the main changes being proposed?

- Consistency with other tendering authorities in HRM
- Recognition that Council has already approved most Capital Projects through the budget process
- Changes to public openings, exemptions, banking services
- Award authority changes
- Streamlined award process
- Disposal of Assets changes

Why are we recommending the policy be revised?

- Council requested that the CAO conduct a review of the Procurement and Payment related Policies, specifically Administrative Order 35 to ensure that HRM is advancing the award of projects and payments in a timely and appropriate manner.
- The April 2014 Auditor General Review of the Washmill Court Extension Project suggested that the Procurement Policy could be clearer as it relates to certain delegated authorities, including the ability to approve contract amendments and increases.
- Inefficiencies in current Policy.

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Who did we talk to?

- Internal clients including:
 - Transportation and Public Works
 - Operations Support
 - Parks and Recreation
 - Legal Services
- Province of Nova Scotia
- External Market Representation
 - Construction Association of NS (CANS)
 - Consulting Engineers of NS (CENS)
 - Road Builders Association
- Other Public Sector Policies

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What did we discover?

- Opportunities for:
 - Reduction of “red tape”
 - Award process improvement
 - Clearer authorities and responsibilities
 - Consistency with other tendering authorities in HRM and other leading public procurement entities
 - Recognition that Council has already approved most Capital Projects through the Budget Process
 - Defined process standards

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How would the purchasing process change?

- Ensures compliance with Public Procurement Act and Trade Agreements, managing legal risk
- Better aligned with Province of Nova Scotia practices, making it easier for vendors to bid
- Option of no public opening enables use of the non-binding procurement process

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What about exemptions and alternative purchases?

- Exemptions more closely reflect Trade Agreements
- Rules of engagement of Engineers and Architects are better aligned with the Province of NS and Trade Agreements
- Some Cultural and Social Enterprises could be sole sourced, reducing the red tape involved in Council's support of the local cultural economy.
- Banking Services are exempt.

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How would award authority change?

- Proposed increases to authority limits:
 - Standard procurement:
 - Director: \$100,000 (currently \$50,000)
 - CAO: \$1,250,000 (currently \$500,000)
 - Sole Source
 - Director: \$50,000 (currently \$25,000)
 - CAO: \$100,000 (currently \$50,000)
 - Low Value purchases
 - Business Unit: \$10,000 (currently \$1,000)

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How would the number of awards approved by CAO and Council change?

Value	Council		CAO	
	Current	Proposed	Current	Proposed
Up to \$100K	0	0	58	*0
\$100K to \$500K	0	0	90	90
500K to \$1.25M	21	0	0	21
Over \$1.25M	17	17	0	0

Note: Publicly solicited awards only. Does not include Sole Source Purchases

*Directors will approve (vs CAO)

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Why are we recommending a change to award authority limits?

- The Policy should provide a clear delegation to award, execute and amend contracts
- Recognition of business process improvements since 2011
- Currently, bids may be quoted higher to ensure they cover the uncertainty regarding award times.
- Increased authority limits would allow for the creation of a streamlined award and reporting process.
- Accountability on Project Managers to measure timeliness and progress.

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Who would the Policy apply to?

- HRM Business Units including Police, Fire and Halifax Public Libraries
- Purchases made by Agents (i.e. MDFs) will be subject to the terms of their individual contract with HRM
- Responsibilities of Procurement and client Business Units will be more clearly defined.

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How have business processes improved?

- Council's budget process now includes much more detail regarding project specific funding
- Short form approval by CAO of Unit Price Contracts has been successful
- Interim Award process has proven beneficial to the Municipality
- Greater collaboration between Procurement and Legal Services for contracting activity
- The delegation of contract execution authority initiated by the CAO has proven efficiencies.

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What is Conditional Award Authority?

- Allows Directors to approve awards up to CAO's authority if:
 - Project Budget has been approved by Council
 - The Director has CAO approval prior to tendering
 - Procurement activity is compliant with Policy
 - Successful bid is within (+10%) of pre-tender estimate.
- Administrative effort is prior to solicitation, reducing time between posting, award and project delivery.

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What is the current award process for a non-complex \$1M tender (Business Days)

- a) Closing Date
- b) Procurement and Business Unit Review (1 to 3 days)
- c) Preparation of Council Report (1 to 5 days)
- d) Council Submission Process (27 days) includes:
 - Accounting Review
 - Procurement Review
 - Review and Signature of Project Manager (author), BU Manager, Procurement Manager, BU Director, Legal and Finance Directors, DCAO, CAO
- e) Council Approval (1 day)
- f) Award Notice and Collection of Insurance, WCB and Surety (5 to 14 days)
- g) Contract Execution by CAO including courier (3 days)
- h) Work begins (total 53 days)

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What is the proposed award process for a non-complex \$1M tender (Business Days)

- a) Closing
- b) Review by Business Unit and Procurement (1 to 3 days)
- c) Approval by Director using simplified approval process (1 to 3 days)
- d) Award Notice and Collection of Insurance, WCB and Surety (5 to 14 days)
- e) Contract Execution by Manager of Procurement (1 day)
- f) Work begins (total 21 days)

****Note:** Primary activities which take place during Council Report Process are done prior to Solicitation, thus reducing the time between closing and award by a minimum of 3 weeks

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How would the Policy guide contract management?

- Proposed changes are intended to remove some administrative and contract management ambiguity, clearly describing authority and responsibilities related to contract amendments, options, assignments and terminations
- Reflects recommendations of Auditor General

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What are the proposed changes to the disposal of surplus assets?

- CAO is authorized to donate or sell low value items at less than market value to Not For Profit, Agents, Schools or Government (up to \$10,000)
- The proposed changes maintain Council oversight
- Intended to decrease ambiguity by providing clear direction regarding unsellable assets

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What is the desired outcome of the policy revisions?

- Clear roadmap to Procurement activity, responsibilities and authorities.
- More efficient contract award and execution process.
- Accountability of staff for contract management
- Compliance with legislation and consistency with other purchasing authorities
- Improved relationships with industry partners

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What are the major benefits to the proposed changes?

- More efficient award process (potential reduction from 53 to 21 days)
- Continued compliance with Public Procurement Act and Trade Agreements
- Better understanding of authorities, roles and responsibilities
- A more welcoming bidding environment for vendors
- HRM becomes more responsive, measurable, a leader in red tape reduction

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